

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Chairman;  
Michael Kubayanda, Vice Chairman;  
Mark Acton;  
Ann C. Fisher; and  
Ashley E. Poling

Every Door Direct Mail Retail Discount

Docket No. R2020-2

NOTICE AND ORDER ON PRICE ADJUSTMENT FOR  
MARKET DOMINANT PRODUCTS

(Issued June 2, 2020)

I. INTRODUCTION

In accordance with 39 U.S.C. 3622 and 39 CFR part 3030, the Postal Service has filed notice of its intent to offer a new rate incentive, which would result in a rate decrease.<sup>1</sup> The Postal Service seeks Commission approval of this rate incentive and related classification changes. Notice at 2.

II. OVERVIEW

Under the Commission's rules pertaining to Market Dominant rate adjustments, a "Type 1-C" rate adjustment is "an adjustment to a rate of general applicability that contains only a decrease." 39 CFR 3030.506(a). Such a rate adjustment "may

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<sup>1</sup> United States Postal Service Notice of Type 1-C Market Dominant Price Change, June 1, 2020 (Notice).

generate unused rate adjustment authority . . .” in certain circumstances. 39 CFR 3030.506(b).

The Postal Service states that it intends to offer an Every Door Direct Mail Retail (“EDDM Retail”) discount beginning August 1, 2020. Notice at 2. Specifically, the Postal Service asserts that:

The extraordinary and unprecedented nature of the COVID-19 pandemic and the current economic downturn has severely harmed many businesses. Small local businesses have been hit particularly hard as they adopt austerity measures and pull back on their marketing efforts in response to business closures or drastic reductions in demand. EDDM Retail volume was down in Quarter 2 as compared to the same period last year by 21.3 million pieces (or 13.3 percent) while revenue fell by \$3.2 million dollars (or 11 percent). A decline is projected to continue through postal Quarter 3, FY 2020 or further.

Concurrent with the gradual reopening of the economy, the Postal Service intends to offer an EDDM Retail discount to encourage use of the mail as an advertising platform to reach existing and new customers. This should in turn assist small local businesses in recovering from the impact of the pandemic. Postage for all EDDM Retail pieces entered between August 1 and September 30, 2020 will be \$0.172 per piece, a 10 percent reduction off the current permanent rate of \$0.191. No registration is required: all EDDM Retail pieces entered during the promotional period will receive the discount.

*Id.* at 3.

In support of its Notice, the Postal Service asserts that it has provided the information required by 39 CFR 3030.512(a), including a schedule of planned rates; the planned effective dates; representation that public notice of the planned rates has or will

be issued; and the identity of a responsible Postal Service official available to respond to inquiries from the Commission.<sup>2</sup>

The Postal Service provides price cap compliance information as required by 39 CFR 3030.512(b)(1)-(4). The Postal Service states that it is electing to generate unused rate adjustment authority from the EDDM Retail discount pursuant to 39 CFR 3030.506(b) and 39 CFR 3030.512(b)(10). Notice at 4. It states that the workpapers for USPS Marketing Mail from Docket No. R2020-1 have been amended consistent with 39 CFR 3030.527 and 39 CFR 3030.523(b)(2). *Id.* The amended workpapers have been filed as a library reference.<sup>3</sup> The Postal Service asserts that the discount will generate a small amount of price cap space for the USPS Marketing Mail class (approximately \$2 million, or 0.012 percent). Notice at 4.

As required by 39 CFR 3030.512(b)(7), the Postal Service provides a discussion of how this planned rate adjustment is designed to help achieve the objectives listed in 39 U.S.C. 3622(b), and properly takes into account the factors in 39 U.S.C. 3622(c). *Id.* at 5.

With regard to 39 CFR 3030.512(b)(5)-(6), the Postal Service asserts that the EDDM Retail discount would have no effect on workshare discounts approved in Docket No. R2020-1. *Id.* With regard to 39 CFR 3030.512(b)(8), the Postal Service asserts that the EDDM Retail discount will move the revenue-per-piece ratio calculated in Docket No. R2020-1 closer to 60 percent, as required by 39 U.S.C. 3626(a)(6). *Id.* at 5-6. The Postal Service asserts that no other portions of 39 U.S.C. 3626, 3627, or 3629 are implicated in this matter. *Id.*

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<sup>2</sup> Notice at 2. The Postal Service filed its proposed changes to the Mail Classification Schedule as an attachment to its Notice. See Notice, Attachment A.

<sup>3</sup> Library Reference USPS-LR-R2020-2/1, June 1, 2020.

### III. INITIAL COMMISSION ACTION

The Commission establishes Docket No. R2020-2 to consider the matters raised by the Notice. The Commission invites comments on whether the Postal Service's filing is consistent with the requirements of 39 U.S.C. 3622 and 3626, as well as 39 CFR part 3030. Comments are due June 22, 2020. See 39 CFR 3030.511(a)(5); 3010.108.

These filings can be accessed via the Commission's website (<http://www.prc.gov>).

The Commission appoints Natalie R. Ward to serve as an officer of the Commission to represent the interests of the general public in these proceedings (Public Representative).

### IV. ORDERING PARAGRAPHS

*It is ordered:*

1. The Commission establishes Docket No. R2020-2 to consider the matters raised by the Notice.
2. Comments are due June 22, 2020.
3. Pursuant to 39 U.S.C. 505, Natalie R. Ward is appointed to serve as an officer of the Commission to represent the interests of the general public in these proceedings (Public Representative).
4. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Erica A. Barker  
Secretary